

# **ORGANIC GROWER AND DISTRIBUTOR BUSINESS PLAN**

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## ABSTRACT

The main objective for this project was to design a business plan that can meet to the consumer's needs and the evolving produce market. Creating a business that offers a variety of produce to the consumer following the roles of a CSA while offering more choices with orders for the customer. By offering the consumer the control of their own purchases, allowing them to customize their own packages. By offering such an incentive the company hopes to gain the confidence of the customer and ease them to feel as comfortable as possible.

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## TABLE OF CONTENTS

SIGNATURE PAGE.....	ii
ACKNOWLEDGEMENTS.....	iii
ABSTRACT.....	iv
DISCLAIMER STATEMENT.....	v
LIST OF FIGURES.....	vii
LIST OF TABLES.....	viii
INTRODUCTION.....	1
LITERATURE REVIEW.....	3
PROCEDURES AND METHODS.....	6
RESULTS.....	8
DISCUSSION.....	11
RECOMMENDATIONS.....	16
REFERENCES.....	17
APPENDICES	
Appendix A: How Project Meets Requirements for the ASM Major....	19
Appendix B: Calculations.....	21

## LIST OF FIGURES

1. Consumer's Preference on Produce Sales.....	12
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## LIST OF TABLES

1. Cost Breakdown/Box .....	9
2. Calendar of Operations.....	10
3. CSA Growth in Size in Recent Years .....	11
4. Popular Fruits Purchased at Farmers' Markets.....	12
5. Popular Vegetables Purchased at Farmers' Markets.....	13



## INTRODUCTION

### Background

The proposed business plan will explore the outline of a common Community Supported Agriculture (CSA) program and make it more easily accessible for the public. The addressing program offers a wide variety of fruits and vegetables directly from the grower and offers a delivery service to local and nationwide customers.

### Justification

Currently, the majority of consumers are traveling to their local grocery stores and purchasing a variety of fruits and vegetables. This trend allows large corporations to act as a middle man, collecting a percent of the purchase price causing their resale prices to be higher than what they would be if they were to deal directly with the grower. Many people enjoy and are comforted by the idea of knowing exactly where their produce comes from. It would benefit the consumer to understand the relationship between themselves and the grower. The produce on the shelves in grocery stores are picked at an all too early stage in order to last longer on the shelves whereas if the customer were to purchase directly from the grower, not only would the produce be more ripe and at its' optimum level for harvesting but they would also be more affordable because the middle-man would be omitted. The proposed business plan is designed such as a common CSA, but offers a delivery service where customers don't need to travel to CSA drop-off and pick-up locations. In the addressing business plan, it is offering residential and commercial deliveries to families, businesses, and restaurants. This service would not only be offered locally but also on a nationwide plane. By offering this type of service, consumers (nationwide) are given the opportunity to purchase a variety of produce at the level of freshness of which local Californians are able to obtain. This service will also give the consumer the convenience of not needing to travel to their grocery store and receiving it at their door step.

### Objectives

The proposed business design is to be based off of the findings discovered through researching the various properties and aspects of a profitable business within the proposed produce market. The project will examine market research on produce including fruits and vegetables, the study of on-line grocery shopping and its growth in the recent decade and future, and the amount of competition that would be undertaken in the future for this business design. Further investigation will be completed on competitors attributes in order to design a better and more innovative service for customers. Not only will market research take place but also material

research will be examined looking into dependable and efficient packaging/handling materials and methods that should be able to withstand the transporting process. Focusing on offering reusable material that will offer sufficient insulation for the transported goods will increase the quality of distributed products. Additional services that will assist in both in and out-of-state transportation/shipping will also be examined. Such services include third party shipping companies like UPS, FedEx, GSO and United Postal Service. These areas of research will need to be examined thoroughly to strengthen the proposed report. To gain a better understanding of the market and my future competitors, I will conduct interviews with existing California CSAs as well as other produce companies that are offering similar services. It will give me the opportunity to directly inquire about the field of business and to ask the questions that, I feel, can give me a better understanding of the process of operation. These are all important areas that I need to examine and fully understand in order to create a strong, self-sufficient, profitable and prevailing business.

## LITERATURE REVIEW

Research and investigation of related and existing operations that will contribute towards following overall business plan.

### Related Companies Research

The business plan that is being addressed shows some very similar characteristics of other companies and the services that they offer. The exclusive values that are presented in the proposed plan are a combination of many perspectives that other companies are lacking. The proposal addresses the consumer first, to their needs and building a plan off of them. The following companies that show comparisons are listed below.

Diamond Organics provides a service where a customer can design a custom assortment of produce or choose already chosen packages of organic produce. Diamond offers delivery across the nation by using FedEx Express services. They also provide a variety of products other than produce, such as dairy, grocery, meats, and spirits. Diamond Organics is a brokerage, as a company, they do not do any farming operations. They purchase all products and distribute them to residential customers and don't sell wholesale packages (Diamond Organics, 2010).

The Capay Organic Farm, operating under the name of "Farm Fresh To You" is a organic farm that also grows their own inventory and works with local organic farms to offer a wide variety of produce for the consumer. They perform sales and their own delivery within their noted area of service. They deliver to an assortment of residential and commercial locations consisting of a wide variety of customers within their business. They also conduct wholesale packages suitable to the customer (Farm Fresh To You, 2010).

The Fruit Guys operation consists of organic produce, focusing on a larger variety of fruits that is offered to the consumer. Not being a grower, they play the role of a brokerage. They purchase all produce in bulk and break down produce in to assorted packages for customers. They also offer their own delivery system staying close to the bay area. Largest amount of customers are business operations. Produce that is offered is available in both conventional and organic (The Fruit Guys, 2010).

### Shipping/Transporting Research

Observations were made after interviews with sources from FedEx showing that they would be the most promising company to choose in order of deciding a shipping provider that the projected business could use for outsourcing their shipments to destinations greater than 150 miles from their location (Herashi, 2010), (Gonzales, 2010).

## Market Research

Finding valuable information from the United States Department of Agriculture, Economic Research Services (USDA, ERS), and providing multiple market researches on produce in the U.S. Information found relates to issues of population, popularity, daily intake of produce, and sales production in the produce industry. All showing strong expectation for the future produce market. Supporting the actions of creating a business planned for consumers to easily rely on.

United States Department of Agriculture, Agriculture Marketing Services (USDA, AMS) sheds light on direct marketing of farm products through farmers markets. Showing importance of the research in order of finding sales outlets for agricultural producers nationwide. The number of farmers markets in the United States has grown dramatically in recent years, increasing from 1,755 in 1994 to 5,274 known facilities nationwide by mid-2009. The report also applies some more insight on who benefits from farmer's markets such as the farm operators, consumers, and the community.

The publication, "Farmers Markets: Consumer Trends, Preferences, and Characteristics" provided valuable research data supporting the activities and actions of the consumer which helps support these trends and how to design a business to follow the consumers trends (Govindasamy, 1998).

A study conducted from the California Institute for Rural Studies, titled "Community Supported Agriculture in California, Oregon and Washington: Challenges and Opportunities" offers a supporting insight on the challenges that are presented to CSA's focusing on the West coast regions. Showing a breakdown of the CSA's and what makes them up. Explaining difficulties and particular preparations they must complete in order of staying in business (Strochlic and Shelley, 2004).

Showing positive growth in CSA's in recent years is presented by the University of Kentucky titled "2009 Survey of Community Supported Agriculture Producers". The survey that was conducted shows positive growth rates for CSA's as well as organic products. Breaking down CSA's in to separate demographics and focuses on explaining the properties that show difference from each other (Woods, Ernst, Ernst, Wright, 2009)

For the last two decades, the U.S. is showing promising results of increasing vegetable and fruit content. Results show that produce consumption of fruits and vegetables shows a positive growth directly related with income levels with per capita (Pallock, 2001). Improving fruit and vegetable consumption in your daily diet shows improvements in a healthy diet, resulting to higher productivity and longer life in individuals. Important factors such as income,

aging of a population, market promotion, and consumer awareness of the importance of produce, contribute to increased fruit and vegetable consumption (Pallock, 2001).

Dr. Roberta Cook, Dept. of Agriculture and Resource Economics, University of California Davis, provides an in-depth analysis on the fresh produce industry within the US. Showing percentages of markets and geographic concentration of production showing the relationship between grocery stores, produces, and consumers (Cook, 2008).

The on-line grocery market is increasing in growth at a rapid speed showing promising attributes for all companies that are thinking of using the internet to increase their sales (Datamonitor, 2008). Promising attributes shows that this part of the market will encourage new companies and customers to follow others that are already benefitting from this type of global exposure. The large popularity of growth in grocery shopping on-line in Europe is very promising and hopefully the customers in the U.S. will follow.

## PROCEDURES AND METHODS

### Related Company Research

An investigation was conducted when reviewing other related companies that followed the same background as the one that was being designed. A number of related companies, all offering their own particular methods of their company and direction with in the produce industry. All very important objectives that were very valuable in order of making a type of a hybrid company that consisted all similar traits of the ones that were studied. Research was conducted in to companies named Diamond Organics, The Fruit Guys, Capay Farms “Farm Fresh To You” and Nature’s Touch. The investigations that were conducted on these companies were planned out to obtain a better understanding of the particular groups’ background and what exactly they offer to their customers. Finding what type of demographics they are targeting, such as areas and locations, type of business whether residential or business, size of orders, sizes offered, and variety of selection offered. These investigations were conducted from public information that the companies offered regarding their companies and private interviews over the phone and within personal contact. Conducting interviews with the companies that I was available to reach contact with resulted in a much further understanding in not only their own business but as well as the industry and what types of issues and areas of interest are brought to reality. After interviewing with Moyra Barsotti, Capay Organic Farm employee, with regarding the background of the company, we were able to discuss important views on the history and what makes up their operation. Same issues were examined in the Nature’s Touch interview and a further understanding of difficulties that are brought up in the operation of working as a CSA.

### Shipping Methods

Knowing that there is a need for a plan for shipping these products to customers not only in local regions from where they are grown, but they also need to be available to customers in all areas of the nation. By knowing that that is an important hurdle to accomplish, I looked in to third party shipping suppliers that already offer the service that I am looking for. I continued my investigation with the leading shipping service companies, the United Parcel Service (UPS), Federal Express (FedEx), and United States Postal Service (USPS). The key issue that must have been offered by all service companies was that they already offer their service to the areas of interest. Important questions were considered when deciding a shipping service to apply to the projected business plan. Assistance from shipping providers would be needed if finished products with destinations located outside of local region where in-house delivery options would be out of the question. if the operation wanted

to offer their services to customers that are >150 miles from our main location within the U.S. then this would be of needed assistance in order of offering our projected service to all available customers.

### Market Research

In order of confirming the size of markets that affect my proposed business plan, I conducted a thorough research in related areas such as Organic production and the growth of the market in recent years, inspecting change in popularity from consumers and predicting what direction that market will follow in the near future. Leading from the Organic market, follow up on consumer needs and preferences within the super market, CSA's, and farmers markets was very valuable in order of finding what is fueling the most important source in a business, the consumer. This study involved in researching previous studies that were related to those fields showing positive growth in the last decade and showing promising aspects in the future. Further research was conducted in the production side of CSA's and smaller family farms that reach out to farmers markets. Shedding light on to the problems and positive areas of the position that these small producers place themselves in and how they make a surviving business out of it. Further investigation regarding farmers markets and customer statistics were conducted at local farmers markets, recording of popular purchases from customers and interesting traits. A study of how much customers tend to spend at farmers markets was also recorded to find what price windows the study should be focusing towards. Also conducted surveys with customers from farmers markets and local CSA's in order of obtaining a more personal understanding directly from the consumer and understanding what and how they feel about their produce source and the pros and cons if there are any.

### Cost Analysis

A cost analysis was conducted in order to determine whether or not the projected business plan is profitable. In the following cost analysis, estimates were conducted and applied to true price quotes that were concluded in the research in order of finding authentic projected values in the projected company that is being examined. Applied numbers were conducted by experienced sources that have conducted same crops with similar numbers and ratios.

## RESULTS

When reviewing related companies, conclusions have found that Capay Organic Farms, Farm Fresh To You has a tremendous amount of customers each week and offers large areas of their service, covering the San Francisco Bay area stretching to Sacramento and following down to Santa Cruz. Farm Fresh To You also has recently started a new area of interest in September of 2009 in southern California in Los Angeles. Farm Fresh To You is producing 10,000 packages in their northern California sector and 2,000 Packages in their southern California sector (Gonzales, 2010). Producing these levels of numbers shows that this company has obtained the market in one and is already growing to other more populated regions in California.

From the findings that were gathered, FedEx was the only supplier that accepted perishable items as in fruits and vegetables to all other states. UPS had private/company regulations where they cannot ship particular types of produce in and out of certain states. FedEx was able to work with me in order of calculating projected cost outputs that my projected company may have if I chose to work with them. With the size of operation that is being purposed and the amount of items that will approximately be ship every day, estimates were ranging between 30%-60% in discounts that can be applied to shipping orders (Gonzales, 2010).

Following the cost analysis, and comparing those values to output cost prices from related companies, concludes that there are reasonable profit margins that leave plenty of room for play when the company takes into action of production. The expected cost analysis shows that there is plenty of room for high levels of profit when mark up is applied depending on the level of costs that are presented. Results show that there is plenty of room to apply 100% mark up if not more. These numbers show that the projected company has a strong possibility of producing a profitable business that may survive in the growing organic market. These calculations were completed and summed to find the resulting costs that are expected. Total Costs were broken down in to amount of cost comes from each box that is shipped and sold, according to projected number of sales. In the table below (Table 1.), we reach a total cost of \$13.67 that must be collected from each box sold in order of covering projected costs.



<b>Cost Breakdown/Box</b>	
Growing	\$3.75
Harvest	\$3.75
Cooling	\$0.22
Repack Labor	\$1.00
Packages/Box (.45-1.85)	\$1.00
Shipping Labor	\$0.90
Truck and Material	\$0.86
Packing Shed OH	\$0.69
Office Labor	\$1.30
Misc. Packing	\$0.20
<b>Total</b>	<b>\$13.67</b>

Table 1. Projected cost values per box sold.

Comparing to competitors prices for similar boxes, prices can reach strong profitable values strengthening the business prediction.

Assumptions were made in order of making realistic calculations on cost levels that may follow the projected business operation. Located in Appendix B, calculations that were conducted can be found and explained. Each category of the areas that were mentioned in Table 1, have calculations showing where the resulted cost values came from. Following these predicted costs analysis, a calendar of operations was conducted on the commodities that the business will be producing and the time of year they will be in production based on the area that was studied.

Calendar of Operations  
Cuyama, Ca

Crop		Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec
Baby Spinach	All Year	X	X	X	X	X	X	X	X	X	X	X	X
Spring Mix	All Year	X	X	X	X	X	X	X	X	X	X	X	X
Broccoli	All Year	X	X	X	X	X	X	X	X	X	X	X	X
Cauliflower	2/1-1/1		X	X	X	X	X	X	X	X	X	X	X
Cabbage	3/15-12/15			/	X	X	X	X	X	X	X	X	/
Lettuce Pak (6 h)	3/1-1/1			X	X	X	X	X	X	X	X	X	X
Mix Lettuce	3/15-1/1			/	X	X	X	X	X	X	X	X	X
Lettuce H	4/1-1/1				X	X	X	X	X	X	X	X	X
Celery	5/15-12/15					/	X	X	X	X	X	X	/
Chard	3/1-1/1			X	X	X	X	X	X	X	X	X	X
Kale	3/1-1/1			X	X	X	X	X	X	X	X	X	X
Collard	3/1-1/1			X	X	X	X	X	X	X	X	X	X
Turnup Tops	3/1-1/1			X	X	X	X	X	X	X	X	X	X
Mustard Tops	3/1-1/1			X	X	X	X	X	X	X	X	X	X
Parcly	3/1-1/1			X	X	X	X	X	X	X	X	X	X
Cilantro	3/1-1/1			X	X	X	X	X	X	X	X	X	X
Carrots	2/1-6/1, 9/1-2/1	X	X	X	X	X	X			X	X	X	X
Onions (dry)	6/1-2/15	X	/				X	X	X	X	X	X	X
Garlic	6/1-2/15	X	/				X	X	X	X	X	X	X
Radish	3/15-1/1			/	X	X	X	X	X	X	X	X	X
Green Onions	3/15-1/1			/	X	X	X	X	X	X	X	X	X
Leeks	3/15-1/1			/	X	X	X	X	X	X	X	X	X
Asparagus	2/15-5/15		/	X	X	/							
Peppers	6/15-10/15						/	X	X	X	/		
Tomatoes	6/1-10/15						X	X	X	X	/		
Potatoes	Plan to purchase												
Squash (Y & G)	6/15-10/15						/	X	X	X	/		
Melons	6/15-10/15						/	X	X	X	/		
Bean	Plan to purchase												
Artichoke	Plan to purchase												
Corn	Plan to purchase												

Table 2. Calendar of Operations

## DISCUSSION

When examining the purpose of the business and determining that the proposed business plan could be profitable, an economic analysis based on previous examples and values gathered in the field led to the following assumptions that were conducted. Compared to related companies that are currently conducting similar services that are producing tens of thousands of packages every week, this business will be designed to be producing 300 boxes every week. The cost analysis that was calculated represented estimated farming costs, quantity amounts and accurate farming values conducted from current farming operations. The goal in this analysis was to truly find what types of costs are we looking at that is beside the traditional farming costs that are already expected. In the study, prices were broken down in to project amount of packages that will be sold for the size of operation that is being designed.

Concluding the findings that have been gathered from research studies of related market areas, a growth in Organic popularity in consumers have been rising and is showing signs of continuing to rise. Organic production is rising due to this relationship with consumers, expanding the organic market, providing more available businesses for current and future companies that want to persist in the organic industry. The 2009 Survey of Community Supported Agriculture Producers states “CSAs surveyed averaged 55 member shares in 2007. This average increased 31% to over 72 members in 2008 and an average of 75 members for 2009” (Woods, Ernst, Ernst, Wright, 2009).

CSA Growth in Size						
	2007		2008		2009	
Shares	CSAs	%	CSAs	%	CSAs	%
<b>25 or less</b>	60	44.00%	53	40.00%	80	41.00%
<b>26-50</b>	31	23.00%	36	23.00%	40	21.00%
<b>Over 50</b>	46	34.00%	51	38.00%	74	38.00%

Table 3. CSA Growth in Size in Recent Years

Figure 1 demonstrates that consumers value the relationship between themselves and the farmer. According to a case study conducted by the Department of Agricultural, Food, and Resource Economics at Rutgers University, “90 percent of the 328 participants who answered this question agreed that freshness and direct contact with farmers are the main factors that drive people to farmers’ markets and 10 percent disagreed with the statement.”

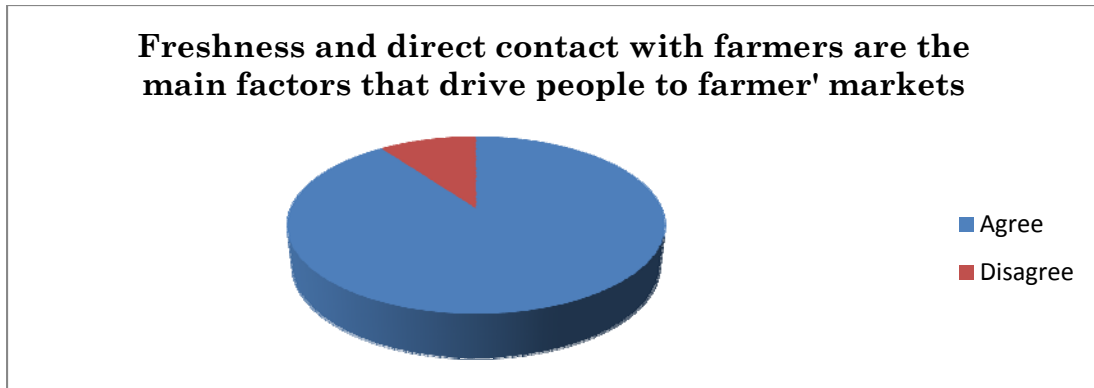


Figure 1. Consumer's Preference on Produce Sales

From a consumer preference stand point, it would be more beneficial for business to place more focus on providing and offering the more popular and desirable choices in fruits and vegetables. Popular varieties of fruits (Table 4.) and vegetables (Table 5.) have been recognized from surveys that were gathered and are stated below (Woods, Ernst, Ernst, Wright, 2009).

**Popular Fruits Purchased at Farmers' Markets**

Fruits	Number of Responses	Percent of Responses
Peaches	289	21.58%
Apples	232	17.33%
Melons	224	16.73%
Blueberries	208	15.53%
Strawberries	184	13.74%
Watermelon	167	12.47%
Plums	13	0.97%
Nectarines	8	0.60%
Grapes	7	0.52%
Pears	5	0.37%
Apricots	1	0.07%
Cantaloupe	1	0.07%

Table 4. Popular Fruits Purchase at Farmers' Markets

**Popular Vegetables Purchased at Farmers' Markets**

<b>Vegetables</b>	<b>Number of Responses</b>	<b>Percent of Responses</b>	<b>Vegetables</b>	<b>Number of Responses</b>	<b>Percent of Responses</b>
Sweet Corn	305	19.59%	Green Beans	4	0.26%
Tomatoes	304	19.52%	Pumpkins	4	0.26%
Peppers	228	14.64%	Okra	3	0.19%
Snap Beans	198	12.72%	Cauliflower	3	0.19%
Broccoli	182	11.69%	String Beans	3	0.19%
Carrots	152	9.76%	Rhubarb	2	0.13%
Lettuce	27	1.73%	Leeks	2	0.13%
Squash	24	1.54%	Radishes	2	0.13%
Cucumbers	16	1.03%	Asparagus	1	0.06%
Zucchini	13	0.83%	Yams	1	0.06%
Eggplant	12	0.77%	Garlic	1	0.06%
Potatoes	11	0.71%	Artichokes	1	0.06%
Onions	11	0.71%	Peas	1	0.06%
Arugula	8	0.51%	Lima Beans	1	0.06%
Herbs	8	0.51%	Scallions	1	0.06%
Swiss Chard	7	0.45%	Turnips	1	0.06%
Beets	7	0.45%	Collard Greens	1	0.06%
Kale	5	0.32%	Cilantro	1	0.06%
Cabbage	5	0.32%	Dandelion	1	0.06%

**Table 5. Popular Vegetables Purchase at Farmers' Markets**

As far as shipping methods go, trying to locate exact and even approximate prices was very difficult to do. Upon gathering research on shipping prices through FedEx, I was instructed by a FedEx associate that in order to receive accurate company discount rates and prices for large amounts of guaranteed package shipping, a business account must be made with accurate company characteristics and owners information (Herashi, 2010). Since this is a hypothetical business plan, I was unable to retrieve any prices by phone. If I were to create a business account to find accurate shipping costs, the discount rate that would be applied to my account purely depends on the amount of items I guarantee to ship, size of boxes, and the level of strength that my business may have guaranteeing that I can show growth in the future. Because we could not create an account since the business does not exist yet, I was given a large window of discount estimates. Of course, if my company grows to a level where I can increase my average daily shipments, I can increase my discount rate.

Another strong input that affects shipping costs is your calculated dimensional weight for your packages. Dimensional weight, also known as DIM, refers to your package shipping density, meaning the mass of your package in lb./ft<sup>3</sup>. What plays a strong factor in reducing your shipping costs within this category is your set dimensional factor that is applied when determining dimensional weight. The higher your dimensional factor is, the lower your calculated dimensional weight will be. This makes a big difference in your shipping costs, especially when you're completing a large amount of shipments.

In order for me to obtain more realistic numbers, terms and prices from FedEx, I managed to organize a meeting with Maria Gonzales. Maria is the District Sales Representative for the San Luis Obispo and Santa Maria FedEx Express Facilities. After meeting with her, on the FedEx site, I obtained a strong understanding of the operations within shipping procedures and guidelines that follow when shipping perishable foods. My hypothesis was confirmed, through this meeting, that it would be most sufficient for my type of business to proceed with the option of using a third party delivery service.

A number of other private shipping service companies were examined such as the Golden State Overnight (GSO), offering a great service for an affordable price, but was limited to only California, Nevada and Arizona. FedEx accepts produce items for shipment, whereas UPS is restricted from offering that option to their customers.

Upon thorough consideration, I came to a conclusion of selecting FedEx as a primary method of shipping for my business. I reached this conclusion for several reasons. One being that they've got an excellent track record of completing more routes and orders compared to their competitors. Furthermore, FedEx appeared to be the strongest choice based on the fact that they offered everything that I am looking to achieve in delivery services including a superior reputation, services to all 50 states as well as overnight delivery. Having the ability to deliver to our customers, overnight, is crucial when shipping perishable items such as produce.

After examining the characteristics and trends of consumers in the fresh produce market, farmers market and CSA market, values show strong areas where the projected business can excel in the produce industry based on reflections of the customers' trends. The results from this research help to refine my business plan so that it will offer more variety and choice according to the demographics of the customer base.

Evaluating the material that has been gathered from related companies that are currently offering similar services has shown that there are areas of which would be highly recommended to operate within a CSA market. After

reviewing related companies and the services that they uphold for their customers, it is apparent that CSA's are valuably regarded by customers. It has also been realized that a wide variety of customers can be exposed to this service and can be applied to all types of people, whether it's for a small family in a residential setting or if it's for a large business/firm in a downtown metropolitan setting.

After reviewing the sales numbers and production levels of related CSA's, such as Capay Organic Farms, I was able to apply the given values and calculate the level of costs and revenue that the company is bringing in. These calculations provided me with an idea of how many customers they are servicing which reveals to me that this market is worth investing in. Seeing that this market is profitable and growing encourages me to persist in this business plan for the future.

## RECOMMENDATIONS

If there was any further investigation that would strengthen this project, perhaps there could be a more in depth cost analysis on the entire farm. This more in depth cost analysis would reach to cover all expenses from all equipment and personnel and a whole farm enterprise budget would provide a more accurate and in depth analysis on the future existence of this projected company. An enterprise budget containing all the projected crops that were mention in the report would need to be broken down and have proper calculations on the amount of profit from each crop. This method would show what crops are more profitable for that particular region, which has been states as Cuyama, Ca.

From the lack of known and recorded information I was able to get from interviewing these various CSAs, I only have to conclude that this is such a new and innovative type of business that there is not an ample amount of research that has been conducted yet. This could be the beginning of a new trend that has the potential to catch on like wildfire. Given the right knowledge and background, one can propose that the financial advancement of these CSA's should start to rely on more market research so as to keep up with competitors, in the market. There should be more market research being conducted within these companies.



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APPENDIX A  
HOW PROJECT MEETS REQUIREMENTS FOR THE ASM MAJOR

As an Agriculture Systems Management Major, I am exploring the procedures of researching business markets and creating a business plan designed after collecting and solving technical business and management problems that consist in the background of produce sales. In my project, I am examining the broad view of different companies' designs and attempting to create a better business perspective designed toward the consumer. I am applying the study of applications of agricultural technology in the way of exploring new methods of providing fresher produce to the consumer, making it easier and more affordable when all aspects are applied. Studying the application of business and business management by researching market values and efficient methods of management that follows a profitable and efficient business plan that can survive and grow with future technologies and methods. Apply problems solving attributes finding the most efficient method of offering positive attributes for the consumer while keeping an attractive profit margin for the business's success.

Related coursework and knowledge I retained at Cal Poly that helped me guide myself through the buildup of my business plan was assisted by BRAE 128, 142, 203, 348, 418, 419, 460, AGB 212, 301, 310, BUS 121, and CSC 110. Each one of these classes helped me directly with this project in planning, researching, and producing.

This particular project that I am constructing will open new doors in the exploration of business designs and the important attributes that build an efficient business. This project can also offer a direction that I want to persist and create the business after college. It will also inform me in the proper methods of creating a business and the important attributes that make or break a business. Giving that this project gives a wide variety of uses after my term at Cal Poly, I will be able to use this information to relate to future projects within my future career position, whatever direction I choose to persist in the agriculture Industry.

## APPENDIX B

### CALCULATIONS

$$\text{Growing Cost/Box} = \frac{\approx \$3000/\text{acre to grow}}{800 \text{ cartons/acre}} = \$3.75 \quad (1)$$

$$\text{Harvesting Cost/Box} = \frac{\approx \$3000/\text{acre to grow}}{800 \text{ cartons/acre}} = \$3.75 \quad (2)$$

$$(\$10/\text{hr} + \$15/\text{hr}) \times 1.35 \text{ (government portion)} = \$33.75 \quad (3)$$

$$\frac{\$33.75}{\text{hr}} \times \frac{8 \text{ hrs}}{\text{day}} \times \frac{5 \text{ days}}{\text{week}} \times \frac{4.33 \text{ weeks}}{\text{month}} = \$5845.50/\text{month} \quad (4)$$

$$\frac{300 \text{ boxes}}{\text{day}} \times \frac{5 \text{ days}}{\text{week}} \times \frac{4.33 \text{ weeks}}{\text{month}} = 6,495 \text{ boxes/month} \quad (5)$$

$$\$5,845.50/\text{month}/6,495 \text{ boxes/month} = \$0.90 \quad (6)$$

$$\$24,000/36 = \$666.00 \quad (7)$$

$$\$1200/12 = \$100/\text{month} \quad (8)$$

$$60 \times 5 \text{ days/week} \times 4.33 \text{ weeks/month} \times \$3.00/\text{gal.} = \$3,897 \quad (9)$$

$$420 \times 5 \text{ days/week} \times 4.33 \text{ weeks/month} \times \$0.10 = \$909.30 \quad (10)$$

$$\$666.00 + \$100 + \$3,897 + \$909.30 = \$5572.30 \quad (11)$$

$$\$5572.30/\text{month}/6,495 \text{ boxes/month} = \$0.86 \quad (12)$$

$$(\$0.40/\text{ft}^2 \times 10,000/\text{ft}^2 + \$500/\text{Utilities})/6,495 \text{ boxes/month} = \$0.69 \quad (13)$$

$$3 \text{ employees} \times \frac{\$12}{\text{hr}} \times \frac{8 \text{ hrs}}{\text{day}} \times \frac{5 \text{ days}}{\text{week}} \times \frac{4.33 \text{ weeks}}{\text{month}} \times 1.35 = \$8,417.52 \quad (14)$$

$$\$8,417.52/6,495 \text{ boxes/month} = \$1.30 \quad (15)$$

$$\$70,000 \text{ (cost)}/5 \text{ years(life)} = \$14,000 \quad (16)$$

$$((\$14,000/\text{year})/(8 \text{ /months}))/4.33 \text{ weeks/month} = \$404.16 \quad (17)$$

$$\$404.16/5 \text{ days/week} = \$80.83 \quad (18)$$

$$\$80/\text{Utility Costs} + \$80.83/\text{Facility Cost} + \$65/\text{Labor} = \$225.83 \quad (19)$$

$$\$225.83 \times 5 \text{ days/week} = \$1129.15 \quad (20)$$

$$\$1129.15/178 \text{ pallets}/48 \text{ boxes/pallet} = \$0.13 \quad (21)$$

$$\$33,567.00/5 \text{ years(life)}/(6,495 \times 12) = \$0.09 \quad (22)$$

$$\begin{aligned} & \$3.75 + \$3.75 + \$0.90 + \$0.86 + \$0.69 + \$1.30 + \$0.13 + \$0.09 + \$1.00 + \\ & \$1.00 + \$0.20 = \$13.67 \end{aligned} \quad (23)$$